

**State Board of Education
November 17, 2009
Item H**

Team: Finance Team / School Construction

Discussion Topic: Annual Capital Budget Request for School Construction Aid

Alignment with Goals:

- Goal III, Objective C, of the Strategic Plan includes advocating for sufficient funding as a strategy for achieving school facilities that provide a safe and productive learning environment.

Statutory Authority: Title 16 V.S.A. §3448

Background Information:

By January 15th of each year the State Board is to present the House and Senate Institutions Committees with its annual capital construction funding request.

In 2007, faced with a growing gap between available funding and the state's obligation to school districts, the legislature suspended school construction aid for most types of projects. With the exception of emergency projects and facility consolidations, only projects which received voter approval prior to March 7, 2007 are eligible for school construction aid.

Last year, the appropriation for school construction aid was \$10,343,555 million against an outstanding state aid obligation of \$42 million. Including several recently-completed eligible projects, the current total outstanding state aid obligation is \$34 million.

Purpose of Discussion:

Per statute, the Board will be requested to vote on its annual school construction aid request in December. The attached document lists all outstanding state aid obligations in order of priority, an estimated amount needed to cover emergencies, and the department's FY11 recommended funding request. The request is based upon the assumptions that the suspension on construction aid approvals and criteria for exceptions remain in place, that a single consolidation project is approved by local voters and the commissioner over the coming year, and that the legislature will appropriate funds to pay off current obligations over three years.

Cost Implications:

Statute defines the percentage the state contributes to the approved cost of a school construction or renovation project. Funding has traditionally been provided through the Capital Bill and involves state bonded debt, although general fund appropriations have also been used to meet school construction aid needs. The recommended funding request for FY11 is \$13,500,797.

If aid is not available when an eligible project is completed, the district typically incurs additional debt service costs for borrowing in anticipation of the state share. Project costs not covered by construction aid are paid for out of the Education Fund. Reduced access to construction aid could increase the homestead property tax rate in particular districts that have construction projects in the future.

Staff Available:

Cathy Hilgendorf, School Construction Coordinator
Bill Talbott, Chief Financial Officer

Vermont State Board of Education - Department of Education

VERMONT DEPARTMENT OF EDUCATION

10/12/09

C. Hilgendorf

Master list of state obligations for school construction aid with potential three-year payoff. Assumes one new major consolidation project.

Town	prioritized fiscal year	School	Type of Project	Estimated Total State Aid for Project	State aid paid through fy10	State Obligation Outstanding after fy10 payments	FY11	FY12	FY13	Projected balance remaining at end of FY13	(Comments)
			Emergency - Unanticipated, Imminent Health/Safety Threat				600,000	300,000	300,000		Emergencies
			Infrastructure/Asset renewal Projects - Voter-approved Before Suspension				812,755				
		New Consolidation Project (Assumes \$200 per ft², 400 students @ 160 ft² ea)		8,000,000	0	8,000,000	0	2,666,667	2,666,667	2,666,667	1/3 of bal pd annually
Springfield	08	Elm Hill Elementary School	Addition / Renovation	3,657,238	1,299,079	2,358,159	786,053	786,053	786,053	0	1/3 of bal pd annually
Springfield	08	Union Elementary School	Addition / Renovation	3,520,350	1,240,117	2,280,233	760,078	760,078	760,078	0	1/3 of bal pd annually
Weathersfield	08	Weathersfield Elementary and Middle School	Consolidation	4,284,558	1,428,186	2,856,372	952,124	952,124	952,124	0	1/3 of bal pd annually
Newport Town	09	Newport Town School	Renovation	309,600	103,200	206,400	68,800	68,800	68,800	0	1/3 of bal pd annually
Starksboro	09	Robinson School	Renovation	406,242	135,414	270,828	90,276	90,276	90,276	0	1/3 of bal pd annually
			Subtotal Emergency and Major Prioritized Projects:			7,971,992	4,070,086	5,623,997	5,623,997		
Hyde Park	07	Green Mtn Technology and Career Center	Addition / Renovation	6,347,349	3,810,069	2,537,280	845,760	845,760	845,760	0	1/3 of bal pd annually
Essex Town	07	Center For Technology	Addition / Renovation	3,060,525	1,580,553	1,479,972	493,324	493,324	493,324	0	1/3 of bal pd annually
Newport	08	North Country Career Center	Addition / Renovation	14,385,609	4,753,326	9,632,283	3,210,761	3,210,761	3,210,761	0	1/3 of bal pd annually
			Subtotal Technical Education Center Projects:			13,649,535	4,549,845	4,549,845	4,549,845		
Hyde Park	07	Green Mtn Technology and Career Center	Biomass Heating System	1,079,972	0	1,079,972	359,991	359,991	359,991	0	1/3 of bal pd annually
Burlington	08	Burlington High School	Biomass Heating System	1,866,852	1,842,639	24,213	8,071	8,071	8,071	0	1/3 of bal pd annually
Bristol	08	Mt Abraham UHS	Biomass Heating System	1,368,068	1,134,609	233,459	77,820	77,820	77,820	0	1/3 of bal pd annually
Bennington	08	Mt Anthony UHS	Biomass Heating System	1,776,568	1,236,918	539,649	179,883	179,883	179,883	0	1/3 of bal pd annually
Jericho	08	Brown's River Middle School	Biomass Heating System	64,685	0	64,685	21,562	21,562	21,562	0	1/3 of bal pd annually
Weathersfield	08	Weathersfield Elementary and Middle School	Biomass Heating System	565,000	0	565,000	188,333	188,333	188,333	0	1/3 of bal pd annually
Whitingham	09	Whitingham Elementary School	Biomass Heating System	1,017,716	0	1,017,716	339,239	339,239	339,239	0	1/3 of bal pd annually
Danville	09	Danville School	Biomass Heating System	1,074,847	0	1,074,847	358,282	358,282	358,282	0	1/3 of bal pd annually
Derby	09	North Country Union Middle School	Biomass Heating System	1,260,000	0	1,260,000	420,000	420,000	420,000	0	1/3 of bal pd annually
Norwich	09	Marion Cross School	Solar hot water	9,230	0	9,230	3,077	3,077	3,077	0	1/3 of bal pd annually
Plainfield	09	Twinfield Union School	Biomass Heating System	67,500	0	67,500	22,500	22,500	22,500	0	1/3 of bal pd annually
Cabot	09	Cabot School	Biomass Heating System	805,071	0	805,071	268,357	268,357	268,357	0	1/3 of bal pd annually
Richford	09	Richford High School	Biomass Heating System	1,062,202	0	1,062,202	354,067	354,067	354,067	0	1/3 of bal pd annually
Duxbury	10	Harwood UHS	Biomass Heating System	1,513,030	0	1,513,030	504,343	504,343	504,343	0	1/3 of bal pd annually
Swanton	10	Missisquoi Valley UHS	Biomass Heating System	1,109,687	0	1,109,687	369,896	369,896	369,896	0	1/3 of bal pd annually
Springfield	11	Elm Hill Elementary School	Wood Pellet System	217,191	0	217,191	72,397	72,397	72,397	0	1/3 of bal pd annually
Milton	11	Milton High School	Biomass Heating System	1,032,535	0	1,032,535	344,178	344,178	344,178	0	1/3 of bal pd annually
Milton	11	Milton Elementary School	Biomass Heating System	1,166,612	0	1,166,612	388,871	388,871	388,871	0	1/3 of bal pd annually
						12,842,597	4,280,866	4,280,866	4,280,866		
		Total remaining school construction aid state obligations. by year:				34,464,125	13,500,797	14,754,708	14,754,708	0	

FY11 request